Canadian Radio-television and Telecommunications Commission

2011–2012

Departmental Performance Report

The Honourable James Moore, P.C., M.P.
Minister of Canadian Heritage and Official Languages

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Minister's Message

The Government of Canada recognizes that the cultural sector not only plays a vital role in building strong and healthy communities throughout the country, but also makes an important contribution to our economy. Canadian Heritage's portfolio organizations are an important part of our cultural, social and economic lives. Together, they work toward the goal of providing Canadians with opportunities to celebrate and share our rich historical, cultural and artistic heritage. As a Canadian Heritage portfolio organization, the Canadian Radio-television and Telecommunications Commission (CRTC) helps us achieve these objectives.

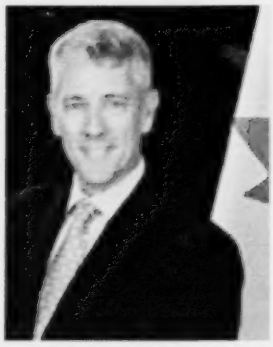
Canadians are avid media consumers, and the CRTC plays a vital role in increasing the range of services and service providers available to us all. Two initiatives taken by the Commission in 2011–2012 contributed directly to meeting this goal. The first was a decision that created a wholesale model by which large telephone and cable companies sell access to their networks to small Internet service providers, giving Canadians more options for Internet services. The second was the CRTC's role in the transition from over-the-air analog to digital television signals, which helped ensure that Canadians can enjoy the benefits of digital television, while also freeing up much-needed spectrum for advanced wireless services at a minimal cost to taxpayers.

In these and many other matters, the CRTC has demonstrated valuable leadership. The Commission is committed to ensuring that the needs of the public are addressed in today's increasingly complex and sophisticated communication environment.

As Minister of Canadian Heritage and Official Languages, I am pleased to present the *2011–2012 Departmental Performance Report* for the CRTC. This report provides a detailed account of the CRTC's accomplishments over the past year and demonstrates the ways in which it fulfills its mandate, supports the priorities of our Government, and contributes to the strength of Canadian society.

The Honourable James Moore

Chairman's Message



I am pleased to present the Canadian Radio-television and Telecommunications Commission's (CRTC's) Departmental Performance Report for 2011–2012. This report outlines the major activities taken by the CRTC in the past year to address the needs of Canadians as citizens, creators and consumers.

Although these activities occurred prior to my appointment as Chairman of the CRTC, they provide a solid foundation on which I intend to build upon during the next five years. I would like to acknowledge the efforts of Leonard Katz, who served as the CRTC's Acting Chairman in the months before my arrival and who ensured a smooth transition.

In the current era of continuous technological change, the CRTC's objective is to ensure that Canadians have access to a world-class communication system. To achieve this, the CRTC's activities rest on three pillars:

1. **Create** – The CRTC ensures that Canadians have access to compelling creative content from diverse sources on a variety of platforms.

2. **Connect** – The CRTC ensures that Canadians can connect to quality and innovative communication services at affordable prices.

3. **Protect** – The CRTC enhances the safety and interests of Canadians by promoting compliance and enforcement.

Three activities in particular highlight our work under each of these pillars during 2011–2012.

First, when the CRTC renewed the licences of large English-language television ownership groups, it set terms that will significantly bolster funding for original Canadian programming. Over the licence terms, these ownership groups will be required to contribute to the creation of Canadian-made drama and comedy series, documentaries and award shows. This initiative will make an important contribution to Canadian creation, and give them an opportunity to share their works nationally and internationally.

Second, the CRTC announced that it would open Canada's North to local telephone competition. For the first time, residents in parts of the Yukon, the Northwest Territories and Nunavut may buy telephone services from new local service providers. Our decision gives consumers access to a broader range of products and services, enables them to reap the benefits of a competitive marketplace and helps connect them to their communities and to the world.

Finally, the CRTC continues to protect the privacy of Canadians by enforcing the telemarketing rules and the National Do Not Call List. We levied a significant administrative monetary penalty against one Canadian company for its inappropriate use of automated calling devices. We also reached an agreement with two Mexican companies to prevent them from making unsolicited telemarketing calls to Canadians.

In 2011–2012, the CRTC expanded its telemarketing enforcement activities beyond our national borders. In conjunction with a dozen other international regulators, the CRTC became a founding member of the

International Do Not Call Network, a group committed to enhancing cross-jurisdictional regulatory enforcement.

Whether as consumers, creators, or citizens, Canadians expect the CRTC to contribute to the growth, competitiveness and diversity of this country. I am pleased to say that the actions of the Commission in 2011–2012 significantly contributed to these goals, and pleased to reaffirm our commitment to them in the months and years ahead.

Jean-Pierre Blais
Chairman and CEO

Section I: Organizational Overview

Raison d'être

The Canadian Radio-television and Telecommunications Commission (CRTC) is an administrative tribunal that regulates and supervises the Canadian broadcasting and telecommunications systems. It seeks to foster a world-class communication system that benefits all Canadians.

Through its regulatory and supervisory functions, the CRTC addresses various economic, technical, social and cultural issues. It:

- fosters a healthy and competitive communication system that enables Canadians to participate in, and benefit from, the digital economy
- ensures that Canadians have access to a wide variety of Canadian-produced television and radio programming that reflects Canada's values, as well as its linguistic, cultural and regional diversity
- ensures that Canadians have access to reliable, affordable and high-quality telecommunications services
- promotes enhanced accessibility for people with disabilities through tools such as closed-captioning for the hearing impaired and described video for the visually impaired
- develops mechanisms to address concerns, such as abusive comments or violence in the broadcast media, and
- protects Canadians from unsolicited communications and helps create a more secure online environment for consumers.

Responsibilities

The CRTC exists under the authority of the *Canadian Radio-television and Telecommunications Commission Act*. The CRTC's mandate is governed by the *Broadcasting Act* and the *Telecommunications Act*. The *Broadcasting Act* seeks to ensure that Canadians have access to high-quality and diverse Canadian programming. The *Telecommunications Act* seeks to ensure that Canadians have access to reliable, high-quality telephone and telecommunications services at affordable prices.

The CRTC fulfills its responsibilities under these acts through a number of interrelated activities, including:

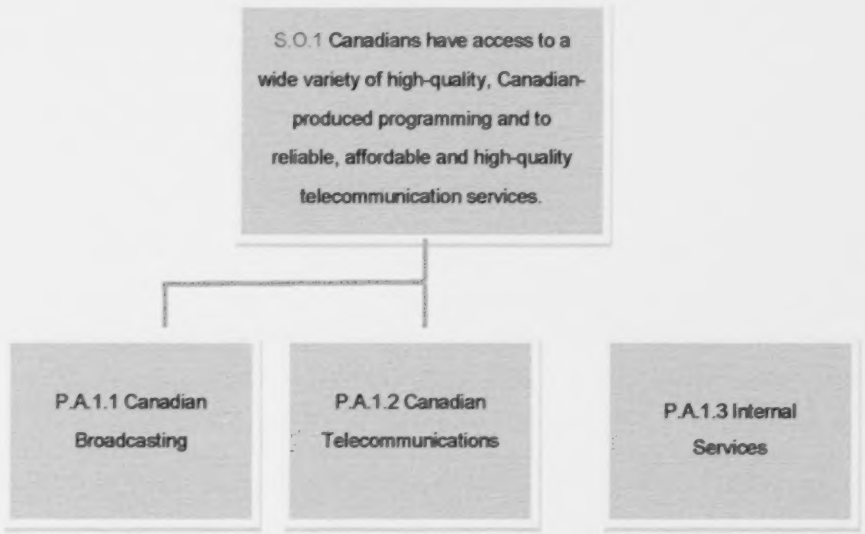
- making decisions on mergers, acquisitions and changes in ownership
- approving tariffs and certain agreements for the telecommunications industry
- issuing, renewing and amending licences for broadcasting services
- monitoring and removing obstacles to competition
- administering the National Do Not Call List and enforcing the list's related rules
- issuing regulations and developing processes in preparation for administering and enforcing applicable provisions of Canada's anti-spam legislation
- resolving competitive disputes
- researching, developing and implementing regulatory policies
- monitoring, assessing and reviewing the programming and financial obligations of broadcasting services, and
- consulting with—and informing—Canadians through its website and public processes.

Additionally, the CRTC will begin regulating commercial conduct in the electronic environment once Canada's anti-spam legislation comes into force.

The CRTC ensures that the communication sector is regulated fairly, effectively and efficiently, and in a manner that fosters increased reliance on market forces. It endeavours to keep its regulatory policies current by taking into account emerging technologies, market developments and the evolving interests and expectations of consumers.

The CRTC reports to Parliament through the Minister of Canadian Heritage and Official Languages, and is listed in Schedule 1.1 of the *Financial Administration Act*. Its budget and employees are subject to Government of Canada policies and guidelines, which ensure excellence and accountability to Canadians.

Strategic Outcome and Program Activity Architecture



During 2011–2012, the CRTC ensured that Canadians had access to a wide variety of high-quality, Canadian-produced programming and to reliable, affordable and high-quality telecommunications services. Three program activities contributed to this strategic outcome:

1. Canadian Broadcasting, which deals with activities and priorities of the broadcasting system
2. Canadian Telecommunications, which deals with activities and priorities of the telecommunications sector, and
3. Internal Services, which includes legal services, communications, planning and process, financial and administrative services, information management and technology, and human resources.

Organizational Priorities

Priority	Type	Strategic Outcome(s) and/or Program Activity(ies)
Television licence renewals based on ownership groups	Ongoing	Program Activity 1.1: Canadian Broadcasting
The CRTC renewed the licences of more than 130 television services affiliated with Canada's private English-language ownership groups: Bell Media, Rogers Media, Shaw Media and Corus. As part of this process, it implemented a new policy framework for the group-based licensing of these services to ensure that the ownership groups make significant contributions to the production of Canadian programming over the next five years. The CRTC also completed most of the work related to the renewals of more than 30 licences affiliated with private French-language ownership groups: Astral Media, Québecor Media and Serdy Media. The Commission also re-examined the conditions of licence and regulatory requirements for V Intéractions. The CRTC's licence renewal process will ensure that these private French-language ownership groups also continue to make significant contributions to the production of Canadian programming. In addition, the CRTC finalized standardized regulatory requirements for conventional, pay and specialty television services.		

Priority	Type	Strategic Outcome(s) and/or Program Activity(ies)
Canadian Broadcasting Corporation/Société Radio-Canada licence renewals (radio and television)	Ongoing	Program Activity 1.1: Canadian Broadcasting
The CRTC launched a public proceeding in June 2011 to renew the various broadcasting licences operated by the CBC/SRC. As part of its proceeding, the CRTC conducted an online consultation to seek input from Canadians on the issues that matter to them. In July 2011, the CRTC postponed its public hearing to June 2012 to accommodate a request made by members of the independent production sector who were seeking further information from the CBC/SRC, and due to uncertainty expressed by the CBC/SRC with respect to its future operating budget. At the CBC/SRC's request, the licence renewal hearing was further postponed to November 2012 in order to allow it to establish its operating budget.		

Priority	Type	Strategic Outcome(s) and/or Program Activity(ies)
Review of the regulatory framework relating to vertical integration	Ongoing	Program Activities: 1.1. Canadian Broadcasting and 1.2. Canadian Telecommunications
Further to section 6 of the *Broadcasting Act*, the CRTC issued a regulatory framework that applies to companies that own or control both programming and distribution services. This framework, among other things, sets out an expectation that vertically integrated companies provide consumers with more choice and flexibility in how they may subscribe to programming services. It also prohibits vertically integrated companies from offering television programming services exclusively on their own distribution services or television programming exclusively to their mobile or Internet subscribers. The framework also establishes principles for commercial arrangements between programming and distribution services to permit all industry players, including independent programming and distribution services, to negotiate on fair and equal terms. The CRTC will refer to these principles should negotiations fail and it is called upon to intervene. Finally, the framework provides new measures for the timely resolution of disputes between parties in the Canadian broadcasting system.		

Priority	Type	Strategic Outcome(s) and/or Program Activity(ies)
Transition from analog to digital television	Previously committed to	Program Activity 1.1: Canadian Broadcasting
On August 31, 2011, the Canadian broadcasting system transitioned from over-the-air analog to digital signals in all major markets. The CRTC collaborated with other government departments and representatives from the broadcasting sector to ensure Canadians were informed of, and prepared for, the transition. Shortly before the transition, the CRTC approved a request by the CBC/SRC to continue to operate 22 analog transmitters[1] for an additional one-year period. This decision provided viewers additional time to find alternate means of accessing the CBC/SRC's programming.		

[1] The transmitters for CBC/SRC's English-language television services are located in Lethbridge, Saskatoon, London, Paris (serving Kitchener-Waterloo), Chicoutimi, Quebec City, Sherbrooke, Trois-Rivières, Moncton and Saint John. The transmitters for French-language television services are located in Calgary, Lethbridge, Saskatoon, Kitchener, London, Thunder Bay, Windsor, Fredericton, Saint John, Halifax, Charlottetown and St. John's.

Priority	Type	Strategic Outcome(s) and/or Program Activity(ies)
Regulatory approach in the digital economy	Ongoing	Program Activity 1.1: Canadian Broadcasting

The CRTC continued to study the evolving Canadian communication system through public processes, external and internal research and stakeholder consultations.

The CRTC published reports and studies on various topics, including:

- *Navigating Convergence II: Charting Canadian Communications Change and Regulatory Implications* (August 2011)
- *Environmental Scan of Digital Media Convergence Trends: Disruptive Innovation, Regulator Opportunities and Challenges* (September 2011)
- *Results of the Fact-finding Exercise on the Over-the-top Programming Services* (October 2011)
- *The Market Evolution of Audio Services and its Implications on the French-language Radio Market* (March 2012), and
- *Community Content Standards and OTT Providers: Potential Challenges and Approaches* (March 2012).

Priority	Type	Strategic Outcome(s) and/or Program Activity(ies)
Shift to greater co-regulation	Ongoing	Program Activity 1.2: Canadian Telecommunications

On January 26, 2011, the CRTC released the results of an extensive review of the Commissioner for Complaints for Telecommunications Services (CCTS). The CRTC reaffirmed its support for the CCTS and called upon all telecommunications service providers to join the agency. Furthermore, the CRTC decided that the agency's governance structure and mandate are generally appropriate.

In addition, the CRTC established a new procedure to enable the CCTS to develop mandatory codes of conduct and standards for the industry. The CCTS was also directed to include additional information in future annual reports to improve accountability and transparency.

Finally, the CRTC found that the agency's current remedies are appropriate, and supported the agency's plans to increase public awareness and address accessibility concerns as they arise.

Priority	Type	Strategic Outcome(s) and/or Program Activity(ies)
Canada's anti-spam legislation	New	Program Activity 1.2: Canadian Telecommunications

A Compliance and Enforcement sector was established in May 2011 in response to the investigative and enforcement responsibilities granted to the CRTC under Canada's anti-spam legislation (CASL), the *Unsolicited Telecommunications Rules* and the *Telecommunications Act*. In particular, an Electronic Commerce Enforcement division was established and, in March 2012, the CRTC published the *Electronic Commerce Protection Regulations*. The CRTC has also taken responsibility for the operation of the Spam Reporting Centre through which it will collect and store spam and other electronic threats.

CRTC representatives participated in several CASL-implementation working groups with representatives from Industry Canada, the Competition Bureau and the Office of the Privacy Commissioner, and began development of CRTC-specific enforcement processes.

The CRTC has invested in infrastructure to ensure that investigative and enforcement activities are conducted securely. CRTC representatives also participated in outreach activities—such as presentations to industry groups—to increase awareness about, and promote compliance with, the legislation.

Cross-border cooperation is necessary given the international nature of the cyber-environment and its pace of change. The CRTC began to engage potential partners (private and public sector, foreign and domestic) to initiate discussions regarding the establishment of working relationships.

Priority	Type	Strategic Outcome(s) and/or Program Activity(ies)
Follow-up to the obligation-to-serve proceeding	New	Program Activity 1.2: Canadian Telecommunications

In May 2011, the CRTC decided that large telephone companies must continue to offer residential subscribers a basic telephone line at a reasonable rate. The CRTC set a price ceiling of $30 per month on consumer rates for local service.

The CRTC's decision also:

- established target speeds for broadband Internet access of 5 megabits per second (Mbps) for downloads and 1 Mpbs for uploads by the end of 2015
- modified the subsidy regime (which helps offset the higher costs of providing basic telephone service to all consumers in rural and remote areas) to improve its effectiveness, and
- reaffirmed a previous decision that local competition should proceed in the territories of small telephone companies, but with special considerations to mitigate the impact on these companies and their customers.

In January 2012, the CRTC approved the introduction of local competition and number portability in the territories of many small telephone companies[2] in order to bringing greater choice to rural consumers.

[2] Bruce Telecom, La Compagnie de Téléphone de Lambton inc., La Compagnie de Téléphone de St Victor, La Compagnie de Téléphone Upton inc., CoopTel, Hay Communications Co-operative Ltd., Mornington Communications Co-operative Ltd., Soegetel inc., Le Téléphone de St-Éphrem inc., Téléphone Guèvremont inc., Téléphone Minot inc., Tuckersmith Communications Co-operative Limited, Wingham Telecom Ltd.

Priority	Type	Strategic Outcome(s) and/or Program Activity(ies)
Review of the network interconnection regime	New	Program Activity 1.2: Canadian Telecommunications
In January 2012, the CRTC established a set of principles to facilitate the industry's move to full Internet Protocol (IP)-based voice interconnection between network operators. By encouraging carriers to negotiate bilateral arrangements, the decision also takes into consideration particular circumstances and challenges that affect the ways in which carriers exchange IP traffic. The CRTC also decided that wireless carriers would be allowed to interconnect with local telephone companies for the exchange of local voice traffic on a shared-cost basis. Previously, wireless carriers had been solely responsible for these interconnection costs.		

Priority	Type	Strategic Outcome(s) and/or Program Activity(ies)
A streamlined regulatory approach	Ongoing	Program Activities 1.1. Canadian Broadcasting and 1.2. Canadian Telecommunications
The CRTC's new Rules of Practice and Procedure came into force on April 1, 2011. The new rules improve the CRTC's ability to meet the needs of a converging and increasingly competitive industry. As part of the change, the CRTC redesigned its online intervention form for certain applications to ensure that information submitted by applicants is complete. Such a change will require less follow up by staff and represents a significant benefit to applicants whose requests will be processed more quickly. In May 2011, the CRTC adopted definitions of emerging Canadian artists that were proposed by key radio and music industry groups. Using these definitions, the Commission studied the level of airplay given to emerging Canadian artists, and found that such artists receive adequate airtime. The Commission therefore concluded that no new regulations were required.		

Priority	Type	Strategic Outcome(s) and/or Program Activity(ies)
Evaluations and audits follow-up	New	Program Activity 1.3: Internal Services
The CRTC is currently implementing a new Inventory Management System in response to an internal audit undertaken in 2010, while it continues to address certain shortcomings that were identified through the Management Accountability Framework.		

Priority	Type	Strategic Outcome(s) and/or Program Activity(ies)
An improved organization	Ongoing	Program Activity 1.3: Internal Services
The CRTC continued to implement Public Service Renewal initiatives. For example: ▪ The CRTC undertook a review to modernize internal processes and eliminate duplication as part of an exercise to reduce operating costs. The review also included an examination of the CRTC's priorities and an updated three-year work plan. ▪ In the fall of 2011, Commission staff completed a talent management program that encourages discussions between managers and their employees on career aspirations, potential and development. One of the outcomes of the exercise was a job-rotation exercise that promotes cross-CRTC knowledge.		

Risk Analysis

1. Internal processes

Dispute resolution
The CRTC expects its dispute resolution mechanisms to be increasingly called upon to deal with the rapid pace of change in the competitive telecommunications and broadcasting markets. In certain situations, the CRTC may be called upon to interpret and apply its new vertical integration framework.

Rights to appeal
As the level of competition increases in the communication industry, parties are increasingly exercising their rights to appeal CRTC decisions directly to the Commission, the courts and Cabinet. When such appeals occur, the implementation of the CRTC's policies—and any associated benefits to consumers and the industry—may be delayed.

Human resources
Knowing that nearly 30 per cent of its workforce is eligible to retire in the next five years, the CRTC actively undertook a number of workplace renewal initiatives. Some of these initiatives include knowledge transfer, official languages training, talent management and job rotation. Senior executives continue to develop and refine succession plans to address this situation.

2. New areas of responsibility

National Do Not Call List (DNCL)
The CRTC secured long-term funding for the National DNCL to ensure that Canadians registered on the list continue to benefit from fewer unsolicited telemarketing calls.

Canada's anti-spam legislation (CASL)
At the time of publishing this report, Industry Canada had yet to finalize the regulations for CASL. These regulations will provide greater clarity and guidance to the public and to CASL enforcement agencies, such as the CRTC, regarding the implementation of the legislation. CASL will not be brought into force until these regulations are published.

The CRTC has not yet been granted 'investigative body' status, a designation that would exempt its work from most access to information requests. Absent such an exemption, the CRTC's ability to prevent the disclosure of certain information during the course of an investigation will be severely restricted.

3. Emerging issues

Digital transition
The CRTC required local television stations in mandated markets to broadcast public-service announcements to ensure Canadians were informed and prepared for the transition from over-the-air analog signals to digital signals.

Vertical integration
Regulating the converging broadcasting and telecommunications sectors posed a significant challenge for the Commission. On September 21, 2011, the CRTC issued a new framework for vertically integrated companies. The new policy addressed matters such as programming exclusivity, consumer choice in programming services and independent broadcasters and distributors.

Value for signal
In 2010, the CRTC asked the Federal Court of Appeal to determine whether it has the jurisdiction to implement a regime that would allow private over-the-air broadcasters to negotiate with cable and satellite companies a value for their signals. The matter is currently before the Supreme Court of Canada.

Local Programming Improvement Fund (LPIF)
The LPIF was created in 2008 to support local programming produced by television stations in non-metropolitan areas. At that time, broadcasters were experiencing financial difficulties as a result of the global economic downturn. However, a recovery in the advertising sector and the successful transition to digital television has improved the financial situation of broadcasters. As a result, following a public hearing, the CRTC announced that it will phase out the LPIF by August 31, 2014.

Summary of Performance

2011–2012 Financial Resources ($ millions)

Planned Spending	Total Authorities	Actual Spending*
53.8	61.4	58.6

*Note: Variances are explained in the Expenditure Profile section of this report.

2011–2012 Human Resources (full-time equivalents [FTEs])

Planned	Actual	Difference
448	434	-14

Summary of Performance Tables

Progress Toward Strategic Outcome

Strategic Outcome: Canadians have access to a wide variety of high-quality, Canadian-produced programming and to reliable, affordable and high-quality telecommunications services.		
Performance Indicators	**Targets**	**2011–2012 Performance**
Percentage of Canadian content broadcast by Canadian radio and television services	Minimum of 35% for radio and 55% for television	Radio and television services continue to meet these targets
Percentage increase in rates for telephone service	Remains below the rate of inflation	Rate increases for telephone services was below the rate of inflation
Percentage of Canadians with access to landline and mobile telephone services	More than 98%	99%

Performance Summary, Excluding Internal Services

Program Activity	**2010–2011 Actual Spending**	**2011–2012 ($ millions)**				**Alignment to Government of Canada Outcome**
		Main Estimates	**Planned Spending**	**Total Authorities**	**Actual Spending**	
Canadian Broadcasting	20.0	17.6	17.6	19.6	21.3	A vibrant Canadian culture and heritage
Canadian Telecommu-nications	19.1	18.0	18.0	20.7	21.9	A fair and competitive marketplace

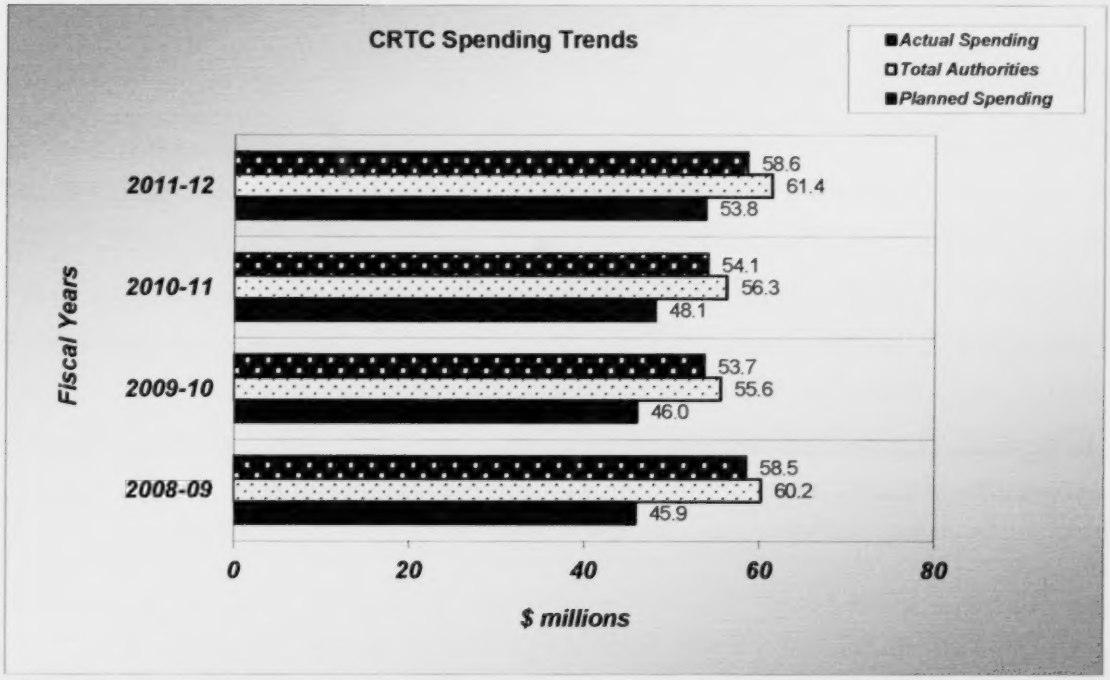
Performance Summary for Internal Services

Program Activity	**2010–2011 Actual Spending**	**2011–2012 ($)**			
		Main Estimates	**Planned Spending**	**Total Authorities**	**Actual Spending**
Internal Services	15.0	18.2	18.2	21.1	15.4

Federal Sustainable Development Strategy (FSDS)

During 2011–2012, the CRTC considered the environmental effects of initiatives subject to the *Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals.*

Expenditure Profile



Planned spending versus total authorities
For 2011–2012, a variance of $7.6 million between the planned spending and total authorities is mainly explained by items not included in planned spending: salary compensation, including collective agreements and severance benefits as a result of changes to terms and conditions to employment ($3.8 million); temporary funding for the National Do Not Call List ($2.5 million, excluding amounts related to the employee benefit plan and Public Works and Government Services Canada); and operating budget carry forward ($1.3 million). The budget authorities for these items were granted after the tabling of the Main Estimates.

Actual spending versus total authorities
The variance of $2.8 million between actual spending and total authorities in 2011–2012 is explained in large part by the fact that full-year funding for Canada's anti-spam legislation has been received but the implementation has not been completed. Also, a number of positions within the CRTC, primarily in Internal Services, remained unstaffed during the year.

Estimates by Vote

For information on the CRTC's organizational votes and statutory expenditures, please see the 2012 Public Accounts of Canada (Volume II) publication. An electronic version of the Public Accounts is available on the Public Works and Government Services Canada website.[3]

[3] See Public Accounts of Canada 2012, http://www.tpsgc-pwgsc.gc.ca/recgen/txt/72-eng.html

Section II: Analysis of Program Activities by Strategic Outcome

Strategic Outcome

Canadians have access to a wide variety of high-quality, Canadian-produced programming and to reliable, affordable and high-quality telecommunications services.

Program Activity 1.1: Canadian Broadcasting

The *Broadcasting Act* requires the CRTC to regulate and supervise broadcasters and broadcasting services (including radio, television, cable distribution and direct-to-home satellite services) through the issuance of licences. Such a system ensures the predominance of Canadian content and provides Canadians with full access to the broadcasting system.

2011–2012 Financial Resources ($ millions)

Planned Spending	Total Authorities	Actual Spending
17.6	19.6	21.3

2011–2012 Human Resources (full-time equivalents [FTEs])

Planned	Actual	Difference
133	148	15

Program Activity Performance Summary

Expected results	Performance Indicators	Targets	Performance status
The Canadian broadcasting system consists of a variety of voices that represent Canada's linguistic and cultural diversity	Percentage of Canadian content broadcast by Canadian radio and television services	Canadian-produced programming should account for at least 35% of popular musical selections on radio and 55% of programming on conventional television	Radio and television services are meeting their respective targets for the broadcast of Canadian content The CRTC approved a number of new commercial, community, ethnic and native radio and television services (6 new AM radio stations; 11 new FM radio stations; 2 conversions from AM to

			FM; 35 new Category B specialty television programming services; and 2 new video-on-demand services)
Canadians continue to have access to the broadcasting system through traditional and new platforms	Over-the-air broadcasters successfully managed from the analog-to-digital transition to ensure access for all Canadians	All over-the-air television broadcasters in urban areas have achieved transition from analog to digital transmission All over-the-air broadcasters in rural areas have alternate solutions in place to ensure access to digital signals	Transition from analog to digital transition in 28 mandatory markets was completed on August 31, 2011 The CBC was granted a one-year extension in 22 markets until August 31, 2012

Performance Summary and Analysis of Program Activity

Canada's broadcasting industry is in the midst of significant change. Now more than ever, Canadians have access to a greater choice of programming across a wider range of traditional and evolving technologies. The CRTC monitors broadcasting services and ensures that Canadians have access to programming that reflects Canada's linguistic and cultural diversity. The following activities, among others, contributed to the CRTC's expected results.

Internet and mobile content
On May 25, 2011, the CRTC launched a fact-finding exercise on online and mobile programming services. Its objective was to better understand the trends and implications of the evolving role played by these services. The CRTC received a number of submissions from individual Canadians, public interest groups, representatives of the cultural sector, broadcasters and distributors, network operators, vertically integrated communications companies and Canadian and non-Canadian providers of such services. In October 2011, the CRTC found that the evidence did not demonstrate that the presence of online and mobile programming services in Canada, and greater consumption of digital content, was having a negative impact on the ability of the system to achieve the policy objectives of the *Broadcasting Act*. Therefore the CRTC indicated it would not consider a general review of the exemption order for digital media broadcasting services.

Canadian Broadcasting Participation Fund
On March 26, 2012, the CRTC approved a plan to launch a Canadian Broadcasting Participation Fund. The Fund, which is expected to begin operating in May 2012, will help public-interest and consumer groups offset the costs of participating in CRTC broadcasting proceedings. The $3-million funding for this initiative was included as part of the tangible benefits package BCE committed to as part of its purchase of CTVglobemedia in 2011.

Loudness of commercials
The CRTC set September 1, 2012, as the date that broadcasters must control the loudness of TV commercials. Broadcasters are to incorporate the technical standards developed by the Advanced Television Systems Committee.

Monitoring activities
The CRTC surveyed the broadcasting and telecommunications industries to develop base statistics for monitoring purposes. Broadcasting data have been posted on the Commission's website, while summarized data are published in the *Communications Monitoring Report*. The monitoring report itself has been enhanced to include additional consumer-oriented details such as communications expenditures by quintile.

Broadband details were extracted from the CRTC's annual facilities survey. The data was analyzed to assess the extent to which Canadians have access to, and subscribe to, broadband services and at what speed. These results were shared with Industry Canada and summary data is published in the *Communications Monitoring Report*.

The Commission continues to work with Statistics Canada to collect data.

Lessons learned

Transition to digital television
Given the deadline associated with the digital transition, the CRTC's work in conjunction with the industry and other federal departments proved beneficial. One of the principal lessons learned through this experience was the need to clearly identify the roles played by each party to avoid duplication of effort and to ensure a strong working relationship among all parties. In addition, the efforts undertaken to educate consumers about the transition (through public service announcements and websites) helped reduce the number of requests for information.

Program Activity 1.2: Canadian Telecommunications

The *Telecommunications Act* requires the CRTC to regulate and supervise the telecommunications industry by approving tariffs and fostering competition. The Commission's regulation of the telecommunications industry is based on an increased reliance on market forces and, where required, effective and efficient regulation. As a result of the Commission's regulation of the telecommunications industry, Canadians have access to reliable telephone and other high-quality telecommunications services at affordable prices.

2011–2012 Financial Resources ($ millions)

Planned Spending	Total Authorities	Actual Spending
18.0	20.7	21.9

2011–2012 Human Resources (full-time equivalents [FTEs])

Planned	Actual	Difference
147	142	-5

Program Activity Performance Summary

Expected results	Performance Indicators	Targets	Performance status
Canadians have increased access to service providers that offer reliable telecommunications services at just and reasonable rates	Percentage of residential phone lines served by competitors of the incumbent telephone companies	Annual 2% increase	Competitors served 29.2% of residential phone lines in 2010 and 31.8% in 2011
	Percentage of Canadians that subscribe to mobile services	Annual 2% increase	Mobile penetration was 75.3% in 2010 and 77.8% in 2011
	Percentage of Canadians that subscribe to broadband Internet services (1.5 Mbps or higher)	Annual 3% increase	Percentage of broadband subscribers was 69% in 2010 and 72% in 2011

Performance Summary and Analysis of Program Activity

The Canadian Telecommunications program ensures that Canadians receive a wide choice of accessible, innovative and quality communication services at affordable prices. As part of this activity, the CRTC promotes compliance with—and enforcement of—laws and regulations while making certain that Canadians have access to emergency communication services. The following activities, among others, contributed to the CRTC's expected results.

National Do Not Call List (DNCL)
The CRTC launched the National DNCL in 2008 to reduce the number of unwanted telemarketing calls received by Canadians and to protect the public's privacy. At the end of March 2012, more than 10.7 million telephone numbers had been registered with the National DNCL.

In 2011–2012, the Commission imposed administrative monetary penalties in the amount of $436,000 against 18 organizations. The Commission also issued 81 citations and 80 compliance letters to organizations.

According to an independent survey conducted in 2012 by the Marketing Research and Intelligence Association, 78 per cent of registrants said they now receive fewer telemarketing calls.

In October 2011, the CRTC and the Australian Communications and Media Authority announced that they had brought together 12 enforcement agencies to launch an International Do Not Call Network. This new network aims to facilitate cooperation among agencies that enforce telemarketing rules in their respective countries.

Accessibility policy
People with hearing and speaking disabilities can communicate using the telephone by virtue of technologies called relay services. In 2011–2012, Canada's telecommunications service providers

introduced a new text-based relay service, and the CRTC is monitoring the progress of its implementation. The CRTC also launched an investigation into relay services based on sign-language.

The Commission has assessed the gaps in the accessibility of mobile wireless handsets offered by telecommunications service providers and continues to address these issues.

Telecommunications service providers are in the process of reporting to the Commission on the measures that they have taken to improve accessibility of customer information and support.

Wholesale broadband access services
To foster competition, the CRTC regulates the wholesale broadband access services offered by network providers—such as large telephone companies and cable carriers. Independent Internet service providers (ISPs) use these services to provide Internet and other services to consumers.

In November 2011, the CRTC issued decisions regarding acceptable billing models for wholesale broadband access services and the rates and terms that could be charged to independent ISPs for access to such service. The CRTC approved two pricing models: a flat-rate model and a capacity-based model.

The CRTC continues to review applications from a number of parties who have requested changes to the rates and terms for this service.

Review of regulatory framework for Northwestel
In December 2011, the CRTC decided to allow facilities-based local competition in parts of the Yukon, the Northwest Territories and Nunavut—areas that had been previously served by only Northwestel. As a result, residents in these areas are expected to have a choice of local provider.

The CRTC also denied Northwestel's request to raise by $2 its rates for residential and business local telephone services, as well as a request for additional subsidy. The CRTC was concerned that, despite a strong financial performance in the past years, the company's aging infrastructure was affecting the quality and reliability of its services. The CRTC decided to conduct a comprehensive review of Northwestel's infrastructure and services over the next two years.

Action plans for reviewing regulatory measures
The CRTC has reviewed virtually all of its telecommunications regulatory measures in light of the Policy Direction the Governor-in-Council issued on December 14, 2006. In February 2012, the CRTC completed the work on two action plans issued in 2007 and 2008, and completed its review of 48 distinct regulatory measures. This comprehensive review has helped the CRTC eliminate or streamline many regulations, and has reduced the regulatory burden on industry as a result.

Enhancements to 911 service
To enhance the safety of Canadians, the CRTC constantly evaluates ways to improve the 911 system and to make it work effectively across multiple platforms. In July 2011, the CRTC required voice over Internet Protocol (VoIP) service providers to provide their customers' telephone numbers to their respective 911 operators. These numbers will be used by 911 operators to re-establish contact with callers whose calls have been disconnected before any location has been determined.

Internet traffic management practices
In September 2011, the CRTC clarified the process by which it would respond to complaints about ISPs use of Internet traffic management practices (ITMPs). It also outlined the steps it would take to enforce ISPs' compliance with the ITMP framework for retail and wholesale Internet services.

To date, the CRTC has processed 59 complaints from consumers questioning their ISP's compliance with the framework. In response to those complaints, the CRTC has worked with more than 20 ISPs to help them comply with ITMP disclosure requirements or with other requirements. In keeping with the newly established policy, the Compliance and Enforcement Sector launched an investigation into Rogers Communications' practices, which was successfully resolved.

Quarterly status reports on ITMP complaints are available on the CRTC's website.

Dispute resolution
In addition to formal dispute resolution processes in which parties file applications to request specific relief, the CRTC also offers staff-assisted dispute resolution services. As competition in the various telecommunications markets expands and the field is increasingly deregulated, the number of such requests increases. The CRTC's telecommunications branch worked on 30 requests for staff-assisted dispute resolutions in 2011–2012.

Lessons learned

Canada's anti-spam legislation
Canada's anti-spam legislation (CASL) has given the CRTC new statutory responsibilities and job requirements that necessitate additional skills and expertise. The CRTC began to address this concern by hiring staff with a wide range of experience and skill sets. Enforcing CASL requires very specialized skill sets that are difficult to obtain and require continual training to maintain. The ever-evolving nature of the electronic environment will necessitate ongoing training to stay abreast of technological advances.

Program Activity 1.3: Internal Services

2011–2012 Financial Resources ($ millions)

Planned Spending	Total Authorities	Actual Spending
18.2	21.1	15.4

2011–2012 Human Resources (full-time equivalents [FTEs])

Planned	Actual	Difference
168	144	-24

Program Activity Performance Summary

Expected results	Performance Indicators	Targets	Performance status
The CRTC incorporates a new, streamlined regulatory framework and reporting process for industry	Successful implementation of the converged Rules of Practice and Procedure	Implementation by April 1, 2011, with all internal processes adapted to the new regulations	The CRTC rules of practice and procedure are fully in force since April 1, 2011. Internal processes have all been adapted
The CRTC is an expert, innovative and effective organization	Successful implementation of the CRTC's continuity plan as part of the Public Service Renewal Action Plan	Talent development plans are in place for all employees All leadership positions have been filled	Plans have been offered to all employees below EX-minus 2 No vacant EX positions as of March 31, 2012
	The availability and use of the CRTC e-hearing tool	All public hearing documents are made available electronically to Commissioners and staff	

Section III: Supplementary Information

Financial Highlights

Condensed Statement of Financial Position (Unaudited)
As at March 31, 2012
($000's)

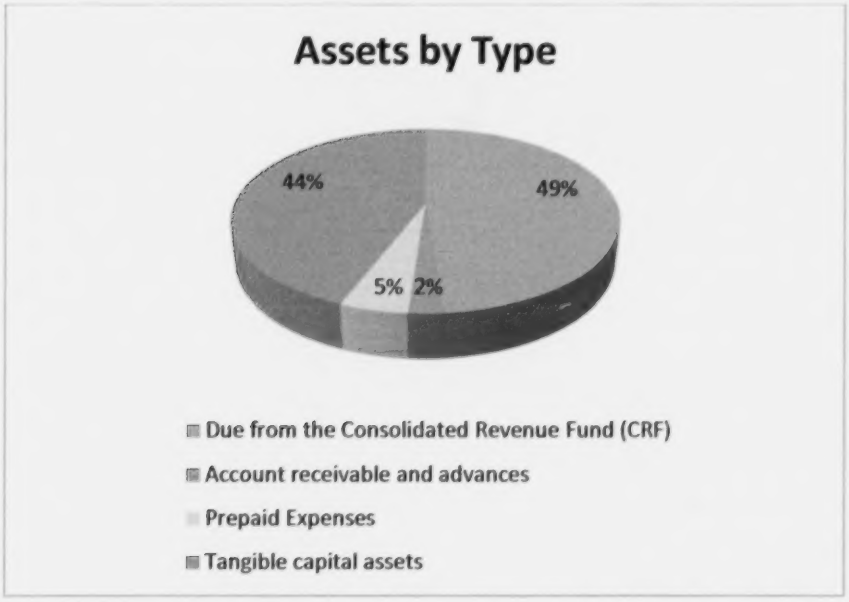
	Change	2011–2012	2010–2011
Total net liabilities	-16%	11,012	13,095
Total net financial assets	14%	4,352	3,828
Organizational net debt	-28%	6,660	9,267
Total non-financial assets	-4%	4,157	4,324
Organizational net financial position	-49%	(2,503)	(4,943)

Condensed Statement of Operations and Organizational Net Financial Position (Unaudited)
For the Year Ended March 31, 2012
($000's)

	Change	2011–2012	2010–2011
Total expenses	5%	62,795	59,902
Total revenues	1%	42,955	42,564
Net cost of operations before government funding and transfers	14%	19,840	17,338
Organizational net financial position	-49%	(2,503)	(4,943)

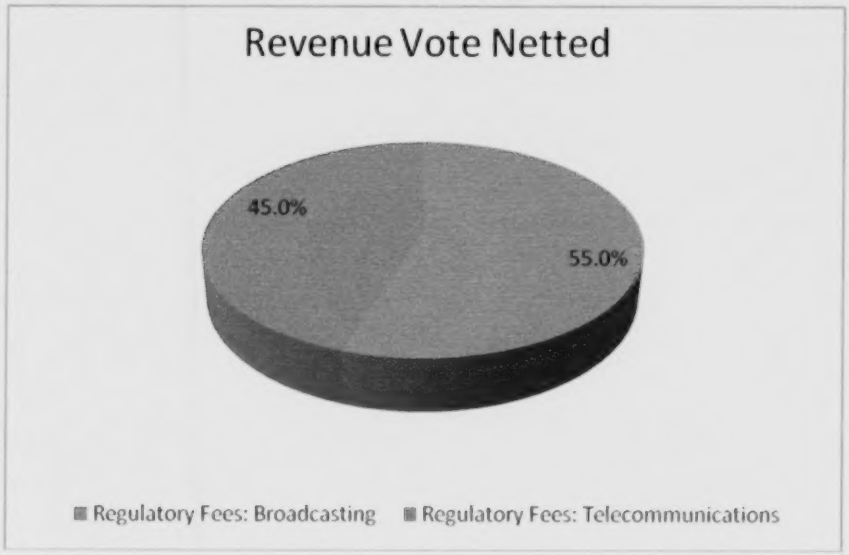
Note: These figures are net organizational revenues and do not include the revenues earned on behalf of the Government of Canada. Such revenues totalled $118.7 million, of which $101.8 million was derived from Part II broadcasting licence fees and $16.9 million from a portion of the regulatory fees for Part I broadcasting licence fees and telecommunications fees.

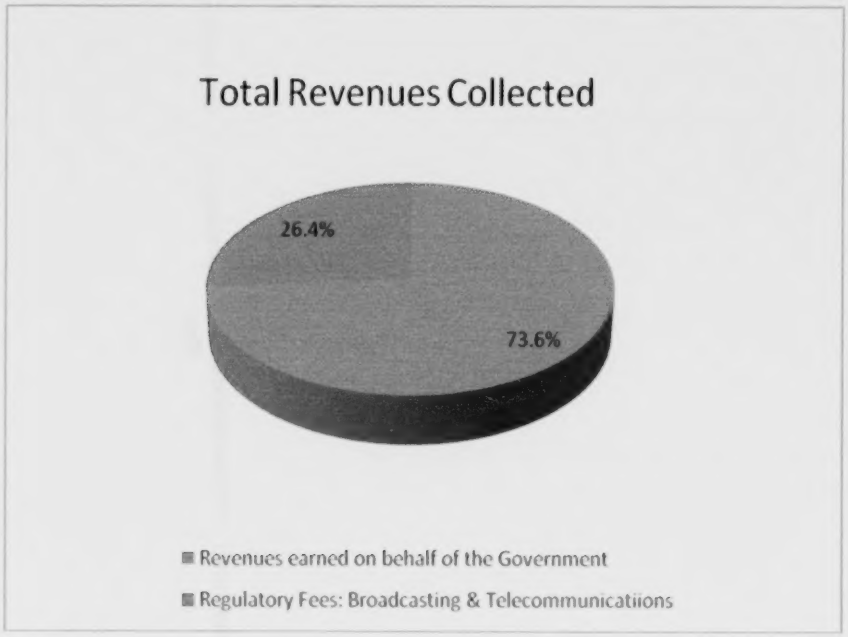
Financial Highlights: Charts and Graphs



The CRTC's total assets were $8.5 million at the end of 2011–2012, a net increase of $0.3 million versus last year's total assets. An increase of $0.7 million is mainly attributable to the due from the Consolidated Revenue Fund ($0.4 million), and the prepaid expenses ($0.3 million). A decrease of $0.4 million is attributable to tangible capital assets.

Total liabilities were $11 million at the end of 2011–2012, a decrease of $2.1 million versus last year's total liabilities. A decrease of $2.6 million is attributable to accrued employee severance benefits liabilities, while an increase of $0.5 million is attributable to accounts payable and vacation pay and compensatory leave.





Total revenues were $42.9 million at the end of 2011–2012, an increase of $0.4 million when compared to the previous fiscal year.

Total revenues collected were $162.8 million at the end of 2011–2012, a net decrease $2.2 million when compared to the previous fiscal year. There was an increase in Part II licence fees ($1.8 million) and a decrease in CRTC regulatory fees and administrative monetary penalties related to the National DNCL ($4.0 million).

Total expenses were $62.8 million at the end of 2011–2012, an increase of $2.6 million. The increase is mainly attributable to salaries and employee benefits ($1.7 million) and other operating expenses ($1.0 million) and a decrease ($0.1 million) in services provided without charges.

Financial Statements

Full unaudited Financial Statements of the CRTC for 2011–2012, including the Statement of Management Responsibility, are available at http://www.crtc.gc.ca/eng/publications/reports/fin12b.htm.

List of Supplementary Information Tables

Electronic supplementary information tables listed in the 2011–12 Departmental Performance Report can be found on the CRTC's website at http://www.crtc.gc.ca/eng/backgrnd/dpr2012/dpr2012.htm.

The tables for *Sources of Respendable and Non-Respendable Revenue* and *CRTC User Fees/External Fees* are also available on the CRTC website.

Section IV: Other Items of Interest

Websites of interest

Canadian Radio-television and Telecommunications Commission
www.crtc.gc.ca

List of CRTC Commissioners and its Secretary General
www.crtc.gc.ca/eng/about/commissioners.htm

Regional Offices and Documentation Centres
www.crtc.gc.ca/eng/offices.htm

The list of statutes and regulations related to the CRTC
www.crtc.gc.ca/eng/statutes-lois.htm

CRTC Glossary
www.crtc.gc.ca/eng/glossary-glossaire.htm

National Do Not Call List
www.crtc.gc.ca/eng/telemarketing.htm